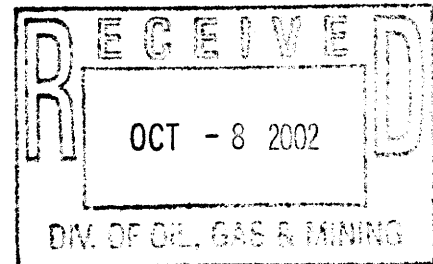


**BLM - Cedar City Field Office  
Phone Conversation Record**

m/001/027

**Date:** Sept. 19, 2002**Time:** 3:00-3:30 PM**Persons called:** Mr. O.Jay Gatten, North American Mine Services  
**Telephone #:** (801) 544-3421**Persons called:** Mr. Tim Hall, Basin Perlite  
**Telephone #:** (435) 387-2100**Person calling:** Ed Ginouves  
**Telephone #:** (435) 865-3040**Conversation Notes:**

I called Mr. Gatten and Mr. Hall to verify some assumptions I was making regarding their plan of operations. The following points were verified:

1. The waste disposal area adjacent to the Schoo Mine is only designed to handle 2-3 years of estimated waste perlite from the plant. It was felt that by this time there would be sufficient operating room at both the Pearl Queen pit and the Schoo pit to accommodate the annual reject tonnage. Mr. Hall indicated that it was the company's intention to reclaim the waste cells in the waste disposal area as soon as they are filled. He indicated that the company would be able to alter the design to accommodate the 100 year- 24 hour stormwater event standard in the new 3809 regs.
2. For purposes of mine planning, the company is assuming a production rate of ~80,000 tons/year. This is a compromise between the current rate of 50-60,000 tpy and the maximum plant capacity of 110,000 tpy.
3. The thickness of the perlite is believed to be 60 -100' in the Schoo mine area. The perlite at the Schoo mine area is of the dense, granular variety and is better suited to end uses that require coarser particle sizes (like horticultural perlite), while the Pearl Queen pit perlite is of the shardy variety better suited to production of microspheres.
4. The company has not made detailed estimates of in-place reserves for mine planning purposes, but is trying to keep a minimum of ~5 years mineable reserves always permitted. The mine area within the proposed amendment area represents ~10 years of mineable reserves at the Schoo mine. The company only needs to expand the mine area ~ 1 acre/year to fulfill the annual production needs.
5. The permit size with the current amendment (35 acres) should give the company sufficient room to operate at a steady-state basis. As addition areas are opened up for mineable reserves, an equivalent area should be available for backfill / reclamation.

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